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RUEHZL/EUROPEAN POLITICAL COLLECTIVE

UNCLAS SECTION 01 OF 02 ANKARA 000105

SIPDIS

TREASURY FOR JONATHAN ROSE

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [EAID](#) [SOCI](#) [PHUM](#) [PGOV](#) [ECON](#) [TU](#)

SUBJECT: ISPARTA: SMELLING THE ROSES WHILE WAITING FOR PRIVATE
INVESTMENT

ANKARA 00000105 001.2 OF 002

1. (SBU) Summary. Isparta, five hours southwest of Ankara, is a central Anatolian city of 150,000, aptly nicknamed "The Land of Roses" owing to its production of sixty percent of the world's rose oil. A candidate for the GOT's expanded regional investment incentives program, Isparta was ultimately passed over for selection, much to the dismay of local government officials and business leaders. Given limited local manufacturing--rose oil, carpets, and some marble--government officials are eager to attract domestic and foreign investment through infrastructure assistance to private investors. End Summary.

GULBIRLIK: A ROSE BY ANY OTHER NAME

2. (SBU) Singled out by Turkey's leading economic newspaper as one of the most successful regional Turkish companies of 2006, Gulbirlik, an agricultural sales cooperative comprised of six separate cooperatives with 8,000 "producer partners" (individual rose growers), is the largest producer of rose oil in Turkey and the leading exporter in the world. Gulbirlik's deputy general manager, Hasan Celik, estimated individual rose growers receive approximately 1.5 dollars for every kilo of harvested roses. Gulbirlik currently exports 99% of its rose oil for use as a raw material in perfume and cosmetic manufacturing in Europe, the United States, and Canada. During the May/June rose oil production season, Gulbirlik processes approximately 320 tons of rose flowers per day for an annual production of 6000 tons. Celik insisted the large seasonal work force is not dependent solely on rose production for income. However, government officials we spoke to acknowledged that the seasonality of rose cultivation and volatile rose prices are key factors contributing to Isparta's unemployment rate.

3. (SBU) Gulbirlik owes much of its recent success to swift and innovative adaptation to policy changes affecting the status of agricultural cooperatives in Turkey. The GOT declared agricultural cooperatives autonomous in 2000, erasing their debts and discontinuing further government subsidy. Compared to Turkey's hazelnut cooperatives, which have struggled in recent years to turn a profit operating as private entities, Gulbirlik's rose cooperatives are thriving. To achieve self-sufficiency, Gulbirlik created the "Rosense" brand in 2003 and released its own line of over 100 different skincare products, perfumes, and rose-flavored specialty food items. With 3 million in mostly domestic sales last year, Gulbirlik expects to increase exports of its Rosense products to foreign markets in coming years.

14. (SBU) Isparta's Chamber of Commerce and Industry counts among its members numerous successful small business entrepreneurs with growing ties to the United States. Many of them we spoke to either traveled to the US for business or had children working or studying there. Although business leaders voiced disappointment that Isparta was passed over as a finalist for the GOT's regional investment incentives program, they touted local government efforts to attract domestic and foreign investment in the region. Most recently, Isparta's regional government partnered with a private Turkish company to build a five-star resort hotel, Serene Davras Mountain resort, in the Davras ski area by providing the land and necessary infrastructure for the project. Opened in early 2006, the hotel boasts a 120-room capacity and features prominently in marketing campaigns to boost winter tourism in the area.

15. (SBU) METAMAR, a marble limestone manufacturer and Isparta's third largest employer with 650 employees, had only 60 employees when it opened in 1994. METAMAR's owner, Hasan Tigli, credited Isparta's reliable, hardworking and stable local workforce for much of his company's growth. With only 15% domestic sales, METAMAR exports approximately 60% of its marble products to the United States. Tagli explained that his nephew, based in Los Angeles, serves as the company's sales manager, but he expects his son and daughter will join the family business upon their graduation from college in the US.

16. (SBU) The Chairman of Isparta's Chamber of Commerce and Industry remarked that local businessmen were against the GOT's efforts to privatize state banks, noting that invasions take place not only through armies in this new century but through capital as well. In his opinion, the GOT was letting go of its control in the banking sector just for the sake of short-term economic success. As for politics, he commented that the vast majority of Isparta's business sector would vote for DYP in the upcoming elections.

ANKARA 00000105 002.2 OF 002

THE LONG ARM OF SULEYMAN DEMIREL

17. (SBU) Former President and Prime Minister Suleyman Demirel grew up in a village on the outskirts of Isparta, and the city has benefited greatly from the patronage of its native son. Most notably, Isparta is home to Suleyman Demirel University (SDU), Turkey's 8th largest public university with a student body of over 35,000. A sprawling campus in a mountain setting, the University's impressive facilities include a 500-bed teaching hospital and heart research center. SDU is known for programs in agricultural research, medicine, engineering and business sciences. The rector's advisor, Professor Ozer Goktepe, expects the University will increase its foreign student enrollment, currently at 40, and also anticipates initiating formal exchanges in the future with US universities as some of the larger Ankara and Istanbul-based universities have begun to do in recent years.

COMMENT

18. (SBU) Business and government officials are keenly aware of the need for further investment in and around Isparta. While the mayor has undertaken numerous beautification projects, including construction of an extravagant city entrance rose park, the precipitous decline of the local carpet industry following Turkey's 2001 economic crisis has created skepticism about the city's ability to attract new industry. Traveling through Afyon--a similar size city just two hours north of Isparta--where international food chains, hotels, and marble factories are visible from the highway, Isparta's lack of similar investment becomes readily apparent. On the other hand, Afyon benefits from its crossroads location, thermal springs developed for tourism, and from having been included in the government's regional investment incentives program.

